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C O N F I D E N T I A L SECTION 01 OF 02 JEDDAH 000020

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SUBJECT: JEDDAH ECONOMIC FORUM "POSTPONEMENT" -- RIVALRY
AND A JEDDAH INSTITUTION HEADING DOWNHILL

REF: JEDDAH 00013

Classified By: CG Martin R. Quinn for reasons 1.4 (b) and (d)

11. (C) Summary: On Friday, January 9, Saudi press carried announcements of the Jeddah Economic Forum (JEF)'s postponement for 3-4 months although contacts now indicate that the event may not happen at all. Connection with Gaza violence has been cited as a factor (although it may be only a convenient excuse) while competition between rival Jeddah organizations and possible official displeasure with last year's JEF are likely the real reasons. Jeddah business community contacts speculate that JEF may be on its last legs, losing out in prominence to Riyadh's Global Competitiveness Forum. End summary.

12. (U) KSA papers announced January 9 that the February 14-17 10th Jeddah Economic Forum (JEF) has been "postponed by three to four months," according to Jeddah Chamber of Commerce and Industry (JCCI) Secretary General Mustafa Sabri, "as we have not received government permission." Sabri, in January 8 press conference, "denied that the postponement had anything to do with the global financial crisis."

DELAY OF OFFICIAL PERMISSION

13. (U) Speaking on condition of anonymity, another JCCI member was cited as stating that aside from the delay in getting the official permission, two other factors were responsible for the postponement:

--(1) the impact of the global financial crisis on some for the event sponsors and co-sponsors as well as exhibitors;

--(2) hesitation on the part of speakers and participants to travel within the region due to the ongoing Israeli war in Gaza.

14. (U) Yet another businessman, quoted in the press, said the JEF's original scheduling came too close to the Global Competitiveness Forum (Riyadh, January 25-27) and indicated that they needed to be staggered "and so the JEF has to be postponed."

15. (C) Sami Behrawi, chairman of JEF, told post that he cannot now say whether the JEF is definitely off or merely postponed. In a vote by the Jeddah Marketing Board (JMB) last week the majority favored postponing the JEF. Behrawi commented that approvals used to come automatically, but this year the procedure was changed to require government approval before guests were even approached. Last year there had been some official displeasure with the Forum. Businessman Amr Khashoggi concurred, suggesting that the delay in approval means that the government doesn't want the Forum to happen.

"BROTHEL" ATMOSPHERE AND MIXING OF GENDERS AT THE JEF

¶6. (C) January 11 Al Madina Arabic daily quoted a SAG licensing official warning that if JEF organizers failed to take into account "instructions of concerned authorities," the Forum would be closed down. This veiled threat alludes to past complaints from religious conservatives that the 2008 JEF allowed opportunities not only for women to attend (many did, sitting in a separate section) but for men and women to "mix indecently, laugh and flirt in public," creating a "brothel" atmosphere. When some women went for coffee in the lobby reception area between sessions of the 2008 Forum, a number of men disapproved of their "mingling." At the time JCCI Chairman Saleh Al Turki was criticized for allowing such "prostitution" and "moral corruption" to occur on the holy soil of Saudi Arabia.

¶7. (C) Behrawi said he did not think the global financial crisis was a factor in the decision since already SR 20 million (\$5.3 million) had been collected from sponsors. Asked whether the money would be returned to sponsors or donated to the Palestinians in Gaza, Behrawi said there would have to be another vote on that question depending on whether the JEF is ultimately postponed or cancelled altogether. With regard to money for the Gazans, January 10 papers announced that the JCCI has donated SR 2 million (\$533K) and the JCCI Chairman Saleh Al Turki has donated SR 1 million (\$267K) from his own pocket.

TENSION BETWEEN JEDDAH CHAMBER AND MARKETING BOARD

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¶8. (C) The vice president of the PR agency for JEF, Sara Al Ayed, said she was not surprised at the cancellation since the JCCI and JMB have been feuding among themselves and that serious organizational steps simply were not taken. She volunteered that the Global Competitiveness Forum in Riyadh had become the new economic highlight in the Kingdom and that JEF was "dying if not already dead." According to another source the personal tension between Salh Al Turki (JCCI) and Sai Behrawi (JMB) has become palpable, creating great awkwardness when both are present in the same room.

¶9. (C) A resident Amciti economist, not privy to these rivalries, favors the view that the Saudi Arabian Government is simply not ready for the JEF to happen early in the year and, with its large cash surplus, the SAG prefers not to be boxed into a corner with foreign entreaties for financial assistance before it determines where exactly the global economy is headed.

JEF ON THE DOWNSLIDE?

¶10. (C) Comment: It is increasingly doubtful that the Jeddah Economic Forum will happen this year while the link with Gaza violence looks more like a convenient excuse. The JEF hit its peak in 2004, nearly five years ago, when Amr Dabbagh -- now Saudi Arabian General Investment Authority (SAGIA) head -- was the JEF chairman. Since then, JEF has had three chairmen and is perceived to be going downhill as a result of organizational squabbling. Under Dabbagh's leadership Riyadh's Global Competitiveness Forum is moving to the forefront. As current JEF chairman Behrawi remarked bitterly, "Amr Dabbagh never has to apply for permits; he can invite whomever he likes without checking with anyone." End comment.

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